

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

**BUREAU FOR DEMOCRACY, CONFLICT &
HUMANITARIAN ASSISTANCE**

OFFICE OF FOOD FOR PEACE

DEVELOPMENT PROGRAMS TEAM



**P.L. 480 TITLE II FY 2005 DEVELOPMENT PROGRAM POLICIES
AND GUIDELINES**

January 6, 2004

LIST OF ACRONYMS

ADS	Automated Directives System
AER	Annual Estimate of Requirements
AIDS	Acquired Immune Deficiency Syndrome
BEO	Bureau Environmental Officer
BNT	Bags, Needles & Twine
CBO	Country Backstop Officer
CFBCI	Center for Faith-Based and Community Initiatives
CFR	Code of Federal Regulations
CBJ	Congressional Budget Justification
CS	Cooperating Sponsor
CSR	Commodity Status Report
CSR4	Cooperating Sponsor Results Report and Resource Request
DA	Development Assistance
DAP	Development Assistance Program
DAP/A	Development Assistance Program Amendment
DCHA	Bureau for Democracy, Conflict, and Humanitarian Assistance
EA	Environmental Assessment
EDM	Environmental Documentation Manual
ESR	Environmental Status Report
FACG	Food Aid Consultative Group
FBO	Faith-Based Organization
FBCOs	Faith-Based and Community Organizations
FFP	Office of Food for Peace
FFW	Food for Work
FY	Fiscal Year
HIV	Human Immunodeficiency Virus
IEE	Initial Environmental Examination
ICB	Institutional Capacity Building Agreement
ITSH	Internal Transport, Storage, and Handling
LOA	Life of Activity
MCH	Maternal and Child Health
MT	Metric Ton
NICRA	Negotiated Indirect Cost Rate Agreement
NGO	Non-governmental Organization
OI	Opportunistic Infection
PEA	Programmatic Environmental Assessment
P.L.	Public Law
PVO	Private and Voluntary Organization
REDSO	Regional Economic Development Service Office
REO	Regional Environmental Officer
SO	Strategic Objective
UMR	Usual Marketing Requirements
USAID	United States Agency for International Development

U.S.C.
WFP

United States Code
World Food Program

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INTRODUCTION

This document sets forth the Development Assistance Program (DAP) Policies and Guidelines for FY2005, as required under Section 207(b) of the Agricultural Trade Development and Assistance Act of 1954 (P.L. 480), as amended, and Supplement Appendix I of 22 CFR Part 211. Consistent with the ongoing streamlining efforts of the Office of Food for Peace, the Policy Letter, hitherto issued separately by this Office, is hereby combined with the DAP Guidelines and issued as a single document for the convenience and easy reference of partner agencies, United States Agency for International Development Missions and international organizations. The Bureau for Democracy, Conflict, and Humanitarian Assistance's (DCHA) Office of Food for Peace (FFP) solicits comments from the Food Aid Consultative Group (FACG) and USAID Missions, Regional Bureaus, and Pillar Bureaus. These Policies and Guidelines, as required under section 207(b), are made available in draft to eligible organizations and other interested persons for comment not later than 30 days prior to the issuance of final guidance.

These Policies and Guidelines are provided for use by Cooperating Sponsors (CSs) in the preparation of their Public Law (P.L.) 480 Title II multi-year operational plans, known as "Development Assistance Program (DAP)" proposals. DAP proposals and amendments to current proposals for activities beginning in fiscal year 2005 are due to FFP and the appropriate USAID Mission no later than February 17, 2004. Cooperating Sponsors' Resource Requests for approved ongoing programs are due January 15, 2004 and the Results Reports for activities completed in fiscal year 2003 are due no later than November 1, 2003.

On November 20, 1999, the President signed into law the Federal Financial Assistance Management Improvement Act. The purposes of this law are to:

- improve the effectiveness and performance of Federal grant programs;
- streamline grant application and reporting requirements;
- improve the delivery of service to the public; and
- facilitate greater coordination among those responsible for delivering such services.

In support of this initiative, the Federal Government developed FedGrants to advertise grant opportunities for all Federal grant programs. FedGrants will serve as a single portal that allows potential applicants to search and apply for all Federal grant opportunities at one location. Effective October 1, 2003, all agencies must post assistance opportunities via FedGrants. Consistent with this requirement FFP will post annual guidance for Title II Development Assistance Proposals for FY05 on FedGrants.gov. (The process for soliciting comments from the FACG noted above in paragraph one will not change.)

Hard copies of the FY05 guidelines are available from FFP directly or may be accessed online at:

http://www.usaid.gov/our_work/humanitarian_assistance/ffp/nonemergency.html.

From time to time, and in accordance with Section 207(b) of P.L. 480, DCHA/FFP may provide supplemental guidelines on the design and development of specific sectoral programs to ensure that the focus of such programs remains on addressing the underlying causes of food insecurity in vulnerable populations.

DEVELOPMENT ASSISTANCE PROGRAM POLICIES

Food insecurity, poverty and lack of social services leave a significant portion of the world's population hungry and malnourished. To alleviate these problems, USAID focuses its resources on long term sustainable development and encourages its Cooperating Sponsors to reach out to and include local faith leaders and faith-based organizations working in their local regions. Food assistance plays an important and special role in this effort and partnering with local faith leaders and organizations, when possible, enables traditional Cooperating Sponsors to tap into the unique capability that these faith communities already possess to reach vulnerable populations that others do not. Through FFP, USAID allocates resources and manages programs to increase the impact of U.S. food aid in reducing hunger. FFP assigns greatest priority to programs in countries where food insecurity is greatest.

In broad consultation with USAID Missions and Bureaus and partner organizations, FFP has developed a Concept Paper for its new Strategic Plan, 2004-2008. The Concept Paper provides a new Strategic Framework to guide the planning and implementation of FFP programs over the next five years. The Concept Paper and the new Strategic Framework were approved at an Agency-wide meeting on September 10, 2003, which established required parameters for the new Strategic Plan. A detailed Strategic Plan for 2004-2008 is now under preparation, based on these parameters. These guidelines reflect FFP's new Strategic Framework, and DAP proposals that exhibit the closest alignment with FFP's new approach will have the greatest likelihood of approval.

The new FFP Strategic Framework focuses on *reducing food insecurity in vulnerable populations*, defined as people who are at risk of food insecurity because of particular physiological status, socio-economic status, or physical security, or populations whose ability to cope has been temporarily overcome by a shock. This includes vulnerability due to physiological status, i.e., people who are malnourished, people infected with HIV, pregnant and lactating women, and children under the age of five; socio-economic status, i.e., includes the poor (defined as persons with insufficient income to purchase food for an adequate diet and other basic necessities); social marginalization because of ethnicity, gender, or other characteristics; living in environmentally marginal regions; and physical and economic insecurity caused by conflict, which affects both resident and transient populations, i.e., refugees, IDPs and victims of war (in non-emergency situations). It is to adequately reach these vulnerable populations that Cooperating Sponsors are encouraged to reach out to local faith leaders and faith-based groups and include them in consultation and program implementation.

Under the new FFP Strategic Framework, the 1995 Food Aid and Food Security Policy Paper remains the cornerstone of the Title II program. However, FFP has expanded the basic food security framework to place more explicit focus on vulnerability – the risk and consequences of, and resilience to, food security shocks – that impedes the achievement of food availability, access, and utilization. Food insecure households face challenges due to chronic food insecurity as well as natural and economic shocks and social and health risks such as conflict and HIV/AIDs.

FFP's new Strategic Objective – Food Insecurity in Vulnerable Populations Reduced – reflects the decision to place more focus on the “in” in food **in**security. This new strategic formulation will help ensure that Development Programs become more risk conscious and pay greater attention to prevention and mitigation of shocks and to the strengthening of household and community resilience.

Thus, the primary foci of Development Programs will be on reducing chronic food insecurity and vulnerability of individuals, households and communities to food security shocks. The new Strategic Framework reduces the barriers between Emergency and Development Programs to facilitate closer integration between the two programs. The ultimate objective is to leave people and communities better off.

Details of the new Strategic Objective with its new Strategic Framework and Intermediate Results Packages can be found at the FFP website noted above.

1. Programs that will Receive Priority

Consistent with the new Strategic Framework and in support of the effective and efficient use of available funding and commodity resources, new DAPs will address the food insecurity of vulnerable populations (individuals, households and communities). Toward this goal, fiscal year 2005 DAP proposals that reflect the following criteria will receive higher priority for approval:

- Congruence with the sectoral and geographic priorities of USAID's 1995 Food Aid and Food Security Policy Paper at:
http://www.usaid.gov/our_work/humanitarian_assistance/ffp/fspolicy.htm;
- Conformance to the new FFP Strategic Framework at:
http://www.usaid.gov/our_work/humanitarian_assistance/ffp/nonemergency.html
- Demonstrated targeting of highly food insecure and vulnerable populations within the country and the underlying causes of their food insecurity;
- Program activities designed to protect and enhance human capacity, livelihood capacity and community resilience in order to reduce risk and increase resilience to food security shocks. These may include:
 - A focus on nutrition, livelihoods and assets, education and skills development, roads and other public works to help prevent damage to physical assets, livelihoods and social capital;

- Activities designed to improve the ability of vulnerable populations to prevent and cope with future emergencies; and
 - Activities designed to strengthen communities' capacities to organize, plan, implement and represent their food security interests.
 - Activities designed to support households and communities affected by HIV/AIDs and other endemic diseases.
- Program proposals that demonstrate a significant degree of country-level program coordination and integration;
 - Integration of Mission and/or Bureau DA and other non-Title II resources in support of program objectives;
 - Inclusion of local faith leaders and/or faith-based or community organizations (American and indigenous) working on the ground in CS strategic planning and implementation;
 - Reduction in the proportion of administrative and management program costs funded by monetization;
 - The inclusion of a significant direct distribution component as appropriate;
 - Use of value-added commodities (See Annex E).

Flexibility within the statute and the policy paper allows FFP to consider other programs that focus on activity areas related to the availability, access and utilization of food, and the underlying causes of food insecurity, including innovative programs aimed at strengthening individual and community coping and resiliency capacities.

2. Additional Policies Related to the Approval of DAPs

Specific policies related to the approval and implementation of DAPs are described below:

(a) Food for Education

FFP supports Food for Education (FFE) activities where the education activities in the DAP are an integral part of a broader proposal that addresses the determinants of food insecurity (availability, access and utilization) in vulnerable populations. [Note: Proposals that direct all or most of program resources to education should be submitted to the U.S. Department of Agriculture McGovern-Dole International Food for Education and Child Nutrition Program.]

Proposals for FFE activities to be funded by Title II are more likely to be approved if they include one or more of the following components:

- Improve school health and nutrition services and sanitation infrastructure, and strengthen provision of health and nutrition education
- Strengthen faith-based and community participation and involvement
- Are able to demonstrate results in the areas of enrollment, attendance, graduation rates and ideally educational attainment, particularly for girls

- Contribute to and are coordinated with a larger effort in improving education, including national education policy reform, curriculum development, and teacher training programs
- Are implemented in food insecure countries and populations with low levels of achievement in education indicators (e.g., literacy rates)
- Include innovative FFE approaches such as adult literacy and informal education courses and food for vocational training of HIV/AIDS affected youth programs.

(b) Food Security and HIV/AIDS

FFP encourages CSs to focus on key food and nutrition interventions that aim to achieve the greatest impact in terms of improved health, quality of life and food security of affected populations. Suggested key intervention areas include:

- Nutritional care, support and counseling for HIV/AIDS-infected individuals;
- Improved infant and young child feeding for HIV/AIDS-affected households;
- Strengthening food access and coping strategies of households and communities affected by HIV/AIDS;
- Food and nutritional support for orphans and vulnerable children;
- Nutritional management of antiretroviral therapy and opportunistic infections treatments; and
- Identification of new or improved foods for therapeutic care or HIV-infected adults and children. (However, please note that FFP does not normally approve the use of monetization proceeds for the purchase of locally produced foods. See discussion on monetization.)
- Include and integrated ABC message for HIV/AIDS prevention in all programs.
- Outreach to local faith communities to incorporate as partners and conduits of care.

FFP intends to continue the investment of not less than \$10 million per year for children affected by HIV/AIDS. FFP supports these activities in countries where HIV/AIDS has been identified as an impediment to food security. FFP encourages proactive programming that uses food aid to prepare HIV/AIDS-affected children and young people to assume increased responsibilities and helps families and communities affected by HIV/AIDSs.

FFP will support HIV/AIDSs activities in agriculture, MCH, or other sectors where HIV/AIDSs represents a critical constraint to household food security and a direct and measurable impact on food security in those sectors can be achieved.

(c) Productive Safety-Nets

Productive safety-nets can play an important developmental role as part of a risk-reduction strategy and income bridge to encourage adoption of new technologies and alternative livelihoods. Productive safety-nets can also provide a cushion for populations resettling as part of a developmental relief or transition activity. FFP encourages CSs to identify innovative ways food can be used to help smooth consumption and reduce risk while households are in the process of restoring or enhancing livelihood options, and to strengthen community coping capacity to mitigate the effects of HIV/AIDS. Faith-Based Organizations and local faith leaders should be brought into the development of relief and transition activities.

(d) General Relief

Traditional FFP categories for these programs include general relief, and other child and institutional direct feeding programs. Some HIV/AIDS distribution programs and disaster mitigation activities also fall into this category. Both monetization and 202(e) funding for these programs will be limited to administrative support.

(e) Developmental Relief and Transition Programs

Consistent with the Administrator's emphasis on developmental relief, FFP sees food aid-supported activities as a means to reduce vulnerability over the longer term and not merely as an end in themselves, even in an emergency environment. Proposals for Developmental Relief, Transition or Short-Term Development programs should reflect both short- and longer-term objectives. These include the use of food resources for immediate impact, such as protecting lives and smoothing consumption, while addressing longer-term objectives by enhancing community and household resilience to shocks, helping people build a more durable and diverse livelihood base (restoring and enhancing assets, resources, services and infrastructure), and enhancing the capabilities of individuals through a focus on health, nutrition and education.

CSs should consult USAID Mission and FFP staff for direction when considering the development of proposals for developmental relief programs. Consultations with and involvement of faith-based and community organizations is also encouraged, consistent with the presidential initiatives. FFP's Development Program Division will manage the consultation process with USAID Missions, regional bureaus, and CSs to determine the appropriateness and timing of such proposals.

Food for Peace is in the process of developing Developmental Relief Guidelines that should be available by March 31, 2003. These guidelines will identify recommended approaches based on global experience. Meanwhile Developmental Relief Program proposals should be submitted in accordance with DAP guidelines.

(f) Coordination with Other DCHA Offices

DCHA is currently working to integrate the activities of all its operational offices – i.e., the Offices of FFP, Democracy and Governance (DG), Conflict Management and Mitigation (CMM), Transition Initiatives (OTI), Foreign Disaster Assistance (OFDA) and the USAID Center for Faith-Based and Community Initiatives (CFBCI) – into a more comprehensive and coordinated high-impact program. In anticipation of such integration, the FFP Strategic Framework describes ways in which such issues as governance, conflict mitigation and mitigation, civil society strengthening, transition and related issues can be addressed as part of the DAP design.

3. Other Policy Issues

(a) Global Development Alliance Initiative

The USAID Administrator has emphasized the importance of promoting public-private alliances in the conduct of our development and humanitarian business. Government assistance accounts for a declining share of U.S. resource flows to developing nations while many foundations, private companies, non-governmental organizations and others are expanding their development financing efforts. Recognizing the value of combining public and private resources in pursuit of common development objectives, FFP encourages CSs to think creatively in developing proposals that attract resources (cash or in-kind) from private entities interested in contributing to the humanitarian and development activities in the countries in which they work.

FFP is willing to support public-private alliances proposed by CSs, by contributing USAID resources that leverage equal or higher matching private contributions. Such proposals should supplement limited Title II DAP funding with significant private resources to expand the scope and impact of our development and humanitarian interventions. As CSs work with USAID Missions on the design of their proposals, they are also encouraged to investigate these Missions' Global Development Alliance (GDA) initiatives as a means of increasing contacts with potential private sector partners. While CSs are strongly encouraged to initiate alliances where such possibilities might exist, this activity will not determine the worthiness of new DAP proposals. Proposals (with or without alliances) will continue to be evaluated on their technical, financial and programmatic merits.

(b) Faith-Based and Community Initiative

The Faith-Based Initiative was created by Executive Order on January 29, 2001 to help the Federal Government coordinate a national effort to expand opportunities for faith-based and other community organizations, and to strengthen their capacity to better meet social needs in America's communities and international development and relief efforts.

Cooperating Sponsors are encouraged to reach out to local faith leaders and faith-based and community organizations when forming strategic objectives and implementing strategies for FFP programs. Working directly with FBCOs or local faith leaders will not

be possible in every instance, but CSs are encouraged to include them in planning and implementation. Faith-based and community organizations and local faith communities are often times the only ones who can reach and do reach the most vulnerable in society. It is, therefore, necessary to utilize this great resource in alleviating human suffering, especially hunger. Furthermore, since local faith communities are rooted and not transient, building their capacity and strengthening their outreach efforts will go a long way towards enhancing and stabilizing the community itself and guaranteeing sustainability long after USAID financial assistance has been completed.

(c) Bio-Engineered Crops in Food Aid Commodities

The transgenic soybean and corn varieties commercially produced in the United States have been reviewed under the U.S. regulatory process for determining the safety of new agricultural biotechnology products. This regulatory process is well coordinated among U.S. regulatory agencies and sets the U.S. regulatory standards for human, animal, and plant health, and environmental safety. Soybeans and corn varieties, including transgenic varieties, used for domestic consumption are the same as those used for export, including food aid. In the United States commodities derived from biotechnology products are not generally differentiated or segregated for either domestic consumption or export. Working with other U.S. Government agencies and USAID offices, FFP will support CSs when issues arise concerning the importation of U. S. commodities.

(d) Use of Non-fat Dry Milk

The use of non-fat dry milk (NFDM) in Title II programs offers new possibilities for upgrading the diets of recipients and generating monetization proceeds, but it presents the possibility of new risks to public health.

USAID has issued separate guidelines on NFDM that were announced in the Federal Register as a proposed amendment to USAID's Monetization Field Manual (see http://www.usaid.gov/hum_response/ffp/nonfat_drymilk_policy.html). Under these guidelines the CS will not sell this commodity to known manufacturers or marketers of breast milk substitutes or replacement foods if the manufacturer has breast milk substitute production facilities in the program country. The CS is also required to include in the sales contract a written commitment from the buyer that the product will not be sold as a breast milk substitute, nor used to manufacture breast milk substitutes.

USAID has also issued separate guidelines on the use of NFDM for direct distribution. FFP will not approve the direct distribution of NFDM as a stand-alone commodity (i.e., not blended with other commodities) in take-home rations. CSs may consider use of NFDM in on-site feeding programs in institutions such as schools, orphanages and hospices where milk consumption is customary, and proper reconstitution and handling can be assured, and for supplementary and therapeutic feeding programs. Guidelines for use of NFDM in supplementary feeding programs are found under the emergency food

aid section of the FFP website:

http://www.usaid.gov/our_work/humanitarian_assistance/ffp/supplementary.html.

Guidelines for use of NFDM in therapeutic feeding programs are found at http://www.usaid.gov/our_work/humanitarian_assistance/ffp/therapeutic.html.

(e) Endowments

An endowment, at times called a trust or sustainability fund, is a sum of money set aside for the specific purpose of reducing food insecurity or promoting longer-term food security, and invested to generate a stream of income over time. FFP is willing to consider funding endowments under the following conditions: 1) the trust fund or endowment is part of a strategy to move out of Title II programming in the country; 2) funding for the trust fund or endowment is from multiple sources with Title II representing no more than 50 percent of the total resource requirement; and 3) the trust fund or endowment is capitalized within a relatively short period of time within the DAP cycle, and does not require repeated Title II funding infusions over a long period of time.

(f) Disaster Mitigation & Emergency Preparedness/Response with “Non-Emergency” (Development) Program Funding

Pursuant to Regulation 11, Section 211.5 (o), “After the date of program approval by USAID/W, but before distribution of the commodities, USAID or the Diplomatic Post (or the cooperating sponsor with prior approval of USAID or the Diplomatic Post) may transfer commodities between approved Title II programs to meet emergency disaster requirements or to improve efficiency of operation, such as to meet temporary shortages due to delays in ocean transportation or provide for rapid distribution of stocks in danger of deterioration. Transfers may also be made to disaster organizations for use in meeting exceptional circumstances. Commodity transfers may be made at no cost to the U.S. Government and with the concurrence of the cooperating sponsor and disaster relief organization concerned. A USAID or Diplomatic Post with funds available, however, may pay the costs of transfers to meet extraordinary relief requirements, and USAID/W shall be advised promptly of the details of the transfer. Commodities transferred between programs shall not be replaced by the U.S. Government unless USAID/W authorizes such replacement”.

In most cases, FFP would expect that the UN or the U.S. Ambassador would make a disaster declaration. For the transfer of commodities between approved non-emergency (development) programs and emergency requirements, FFP clarifies that up to ten percent of in-country stocks may be diverted from a development program for emergency use with USAID Mission or Diplomatic Post approval. If additional tonnage, above the 10%, is sought for diversion from a development program for use in meeting an emergency, and/or the CS seeks that the commodities be replaced, FFP authorization is required. This authorization must be received prior to reallocation of any additional commodities and funding. The USAID Mission cannot authorize the transfer of

monetized proceeds or Section 202(e) for emergency uses, except as the Director of FFP may otherwise approve. The use of any development program commodity stocks for emergency use should be reported under the development activity as general relief/humanitarian assistance.

FFP strongly encourages the use of some direct distribution (through either WFP or the PVOs) in every country in an attempt to ensure that commodities are available for rapid emergency response. If the emergency activity is of significant scale, the CS should apply for a food aid emergency response, including ITSH funding, from the Emergency Programs Division of FFP. Where emergency preparedness is a part of a DAP, the CS may request contingency stocks in exceptional cases. These commodities should be quantified as general relief and included on the programming total (line 8) of the AER. This request should be accompanied by a disaster response plan that includes analysis, forecasting of the types and frequency of disasters, level of response likely to be required, tonnage and commodity types. Such contingencies will only be allowed where the CS has other direct distribution activities.

DEVELOPMENT ASSISTANCE PROGRAM PROPOSAL GUIDELINES

I. DAP Proposal Submission, Review and Approval Process (includes Transfer Authorization)

CSs will submit proposals to FFP and the appropriate USAID Mission no later than February 17th of the calendar year prior to the fiscal year (FY) in which the activities are to commence (for example, by February 17, 2004 for activities to start in FY 2005, which starts October 1, 2004). If a Cooperating Sponsor is proposing a regional program, the DAP should be submitted to all affected USAID Missions for review.

FFP will review each DAP proposal based on the criteria and policies set forth in these guidelines. USAID Missions or Regional Offices will submit comments regarding proposals to FFP within 30 days of receipt of proposals from CSs. Missions are not authorized to present comments to or request proposal revisions from CSs during the review process without FFP concurrence.

FFP is committed to meeting the 120 day mandate as set forth in the P.L. 480 Title II legislation. However, its ability to meet this mandate depends upon the quality of proposals and their responsiveness to the standards and requirements set forth in these guidelines. Cooperating Sponsors are encouraged to read these guidelines carefully and ensure that their proposals are responsive and complete in all respects.

Consistent with the requirements set forth in the P.L. 480 Title II legislation, FFP shall determine whether to approve a proposal, and sign a Transfer Authorization (TA) for funding, not later than 120 days after receipt of a complete DAP proposal. If a proposal is denied, FFP will specify the reasons for denial and the conditions that must be met for approval. Unsuccessful proposals may be resubmitted in the following DAP cycle.

A proposal shall be considered complete if it is prepared in the DAP application format and includes the documentation outlined below. A proposal shall be considered incomplete if any of these documents are not included in the proposal submission.

- A signed Host Country Food for Peace Agreement (HCFFPA) or, Mission or Diplomatic Post concurrence noting that such a program can operate in accordance with Regulation 11 without the HCFFPA or until one can be signed;
- A draft IEE (without signatures);
- An AER with the signature of the CS (field and/or HQ);
- A Bellmon Analysis;
- Comprehensive and detailed budgets including narrative; and
- Certifications Regarding Lobbying and Terrorism.

If the documents above are submitted but there may be questions about their content, FFP will not consider these documents incomplete. For example, if all documents above are submitted on the February 17th, but there is a question about an AER calculation, the DAP submission will not be considered incomplete and the DAP will not be rejected on that basis.

Within 15 working days from the receipt of an incomplete proposal or one not submitted in the DAP application format, FFP shall notify the CS's Headquarters Office by e-mail with an explanation of why the proposal was rejected. The CS will then have 15 working days from the receipt of the e-mail to submit a complete proposal. FFP shall begin the 120 day time period for the approval and issuance of a TA from the date FFP receives a legible electronic copy or paper copy of the documents that complete the DAP, whichever is earlier. FFP will notify the CS by e-mail of the date the 120 day time period begins and follow the process for review of a complete proposal outlined below.

When a complete DAP submission is received, FFP will complete its review process, and if the DAP is approved, send a signed TA to the CS within 120 days for review and signature. For a complete DAP received by February 17th the TA would therefore be signed by FFP by June 17th.

FFP will review complete DAP proposals and send an issues letter to the CS. This issues letter will consolidate the comments by all USAID offices, including FFP, USAID missions and bureaus, and summarize threshold issues and revisions that are needed to the CS DAP proposal. FFP may also request a formal meeting with the CS (either in Washington or the field) to discuss the threshold issues presented in this letter. In order to meet the 120 day mandate, FFP will impose strict time periods for the CS to complete the necessary revisions. If a CS fails to complete the revisions on time, FFP may deny the proposal based on the outstanding issues the CS has failed to address in a timely fashion. Proposals that are denied may be resubmitted in the following DAP cycle.

Late Submittals: With the approval of the Director of the Office of Food for Peace late proposals will be accepted on an exceptional basis when it is in the best interest of the U.S. Government to do so. However, FFP will give priority funding consideration to acceptable proposals submitted on time.

II. DAP Submission Models

To ensure coordination of development programs and strategies, Cooperating Sponsors are encouraged to develop creative and collaborative working arrangements with other Title II partners in-country, especially faith-based organizations and/or local faith leaders. These include the USAID Mission, U.S. Embassy, USDA, the World Bank and other Cooperating Sponsors. Where multiple Cooperating Sponsors are working in-country, USAID encourages coordinated program management and implementation to promote efficiencies and to avoid overlap and duplication of effort. CSs should explain how their activities complement those of other actors in terms of their impact on the multiple components of food insecurity. Applicants should describe their collaborative working arrangements in the DAP proposal to demonstrate linkages and integration with other planned and on-going programs. The following is a list of some of the different models that Cooperating Sponsors may use in program design and implementation:

- 1) Individual CS proposal for one country with one or more strategic objectives;
- 2) Individual CS, multi-country program, with similar strategy objectives in the different countries, with monetization in one or more of the countries;
- 3) Individual CS proposals for one country or a region with, for example, common/complementary program approaches and indicators, common ME systems and processes.
- 4) A consolidated DAP for a single or multi-country program with one lead CS, and other CSs as sub-grantees. This allows for diversity in programming, but facilitates complementarity among different CS programs. FFP would expect a single Annual Estimate of Requirements, budget, annual results report, annual resource requests and evaluation with this approach; and
- 5) A regional DAP which includes one or more CS(s) with the intent of achieving impact in a specific sector in countries in the same region. A region is defined as a group of nearby countries or a group of countries that participates in a recognized regional economic or political union.

III. DAP Proposal Submission in Countries with “Re-Delegated” Missions

Specific USAID Missions have been re-delegated the authority to approve resource requests for ongoing approved programs. However, while the Mission is an integral partner in the DAP proposal review, FFP/W retains approval authority for all DAPs. The DAP guidelines apply to all DAP proposal submissions. Missions are not authorized to

present comments to, or request proposal revisions from, CSs during the DAP proposal review process without FFP concurrence.

IV. DAP Proposal Submission in Countries without USAID Missions (Regional Proposal Submission)

If there is no USAID Mission in the country, DAP proposals should be submitted to the designated USAID "twinned" Mission for review. For DAPs in non-presence African countries, CSs should also submit a copy of the proposal to the Regional FFP Officer for review.

If a CS proposes a regional DAP, the proposal should be submitted to all applicable USAID Missions and field units for review and submission of comments to FFP.

V. CS Preparation and FFP Review of DAP Proposals

Use of the DAP proposal format provided in **Annex A** is required. Proposals must address each of the sections included in the format. FFP will review proposals based on the CS's ability to provide adequate, relevant information for each section.

Furthermore, proposals must meet the following conditions:

- Written in 12-point type (narrative) in English;
- Limited to no more than 30 numbered and dated pages;
- Includes a clear statement of program goal(s) and results to be achieved by the end of life of the program, with objectively verifiable indicators and sources of data to measure such results;
- Submitted as files saved in Word and Excel spreadsheets (attachments); and
- Provides only the information requested (state if a section is not applicable; cross referencing and use of charts are encouraged to present information concisely and to eliminate repetition).

CSs are required to submit two (2) unbound copies and one (1) electronic copy to the USAID Mission, and one (1) unbound copy to Amex Int'l Attn: FY05 DAP Proposal, 1300 Pennsylvania Ave, N.W. Suite 440, Washington DC 22004, and one (1) electronic copy to FFP at FFPdocs@amexdc.com.

Where REDSO offices operate, the USAID Mission should receive one (1) hard copy and one (1) electronic copy, and the REDSO office should receive two (2) hard copies and one (1) electronic copy).

The following information provides further guidance to CSs beyond the information referenced in Annex A. CSs should consider these issues in developing DAP proposals:

- (a) Legislative Mandates for Type of Commodity, Programming, and Program Size

The P.L. 480 statute requires USAID to provide a minimum of 2,500,000 MT of commodities each year for Title II programs, of which 1,875,000 MT are for non-emergency programs. Of the non-emergency tonnage, 75% must be processed, fortified or bagged. FFP has developed a “Value Added Commodities List” of processed, fortified and bagged commodities that it has determined will meet this statutory requirement (see **Annex E**).

(b) Section 202(e) Funding

Authority and Purpose: P.L. 480 Title II Section 202(e), requires the Office of Food for Peace (FFP) to make cash available to eligible organizations in support of Title II programs in order to 1) assist them in establishing new programs under Title II; and 2) help in meeting specific administrative, management, personnel and internal transportation and distribution costs for carrying out Title II programs (including monetization programs) in foreign countries.

Background: While Section 202(e) has historically been limited by a \$28 million cap, the 2002 Farm Bill increased the authorization to an amount no less than 5% and no greater than 10%¹ of the total Title II appropriation in each fiscal year. Due to the previous \$28 million cap on this funding, FFP placed restrictions on its use to ensure its availability for critical, priority needs. However due to the significant increase in the amount of 202(e) funding authorized in the 2002 Farm Bill, FFP has broadened the scope of the types of costs eligible for funding consideration under this section.

Definition of Eligible Recipients: In order to be considered “eligible” to receive funds under Section 202(e) an organization must be:

- 1) a Private Voluntary Organization (PVO) or cooperative that is, to the extent practicable, registered with USAID² or
- 2) an Intergovernmental Organization (IO), such as the World Food Program

Eligible Uses: Eligible uses for 202(e) funding differ between “new” programs and “established” programs as detailed in sections A and B below.

¹ In FY 2003, the range between 5% and 10% of the Title II appropriation of \$1.75 billion equated to between \$87.5 million and \$175 million. For FY 2004 the projected range is from \$59.6 million to \$119.2 million.

² Registration for U.S. based PVOs is done through the USAID/DCHA Office of Private and Voluntary Cooperation. Indigenous organizations in host countries work through the local USAID mission in most cases to establish themselves as eligible organizations. In addition, FFP requires all cooperating sponsors to sign a Food for Peace Agreement to use Title II commodities in compliance with P.L. 480 and USAID Regulation 11 (22 C.F.R. 211).

A. FFP may use 202(e) funds to assist cooperating sponsors in establishing new programs under Title II. A new program can be defined in the following ways:

1. Any new Title II program (emergency or non-emergency) that targets a distinct area or population not served by the same organization under an existing Title II program can be considered as “new” for up to two years. The term “new” does not apply to follow-ons or amendments that simply broaden the existing program area or target population.¹
2. Ongoing emergency programs that are undergoing a re-design in order to introduce non-emergency interventions may be considered as new for up to one year on a one-time basis.
3. A Development Assistance Program (DAP) that follows an emergency program in the same area or that targets some or all of the same population can be considered as new for up to two years.

Eligible uses for Section 202(e) funding in **“new” programs** include reasonable, allowable and allocable line item costs for the following:

1. Administrative, management, overhead, training, personnel, internal transportation and distribution costs directly associated with the Title II program as delineated under section “B” below.
2. Program related costs for items to enhance the effectiveness of the use of Title II commodities including but not limited to:
 - a. Food for work materials, tools and equipment;
 - b. Food for training materials, tools and equipment;
 - c. Agricultural materials, seeds, tools and equipment;
 - d. Other training materials for beneficiaries;
 - e. Building materials used in program activities;
 - f. Health and nutrition interventions for beneficiaries;
 - g. Public health education/training materials for beneficiary populations;
 - h. Materials to promote community development or capacity building;
 - i. Costs of accessing or providing clean water or a clean water source;
 - j. Income generating or micro-financing activities;
 - k. Communications costs for food security related messages and training;
 - l. Publications (technical journals, reference guides, industry newsletters);
 - m. Locally purchased food supplements for therapeutic feeding; (i.e.: sugar, salt, etc.)

¹ For example: If an organization has a new TA in Sudan which follows a previous TA in the same area, their new TA is not considered a “new” program in this category. However, if an organization has a new TA in a different part of Sudan where the organization has not been operating, this could be considered a “new” program.

n. Milling

3. Storage related costs such as warehouse leases and security.

B. For both new and established programs, 202(e) can be used for meeting specific administrative, management, personnel and internal transportation and distribution costs for carrying out Title II programs (including monetization programs) in foreign countries.

Eligible costs for Section 202(e) funding **in both “new” and “established” programs** include reasonable, allowable and allocable line item costs for the following:

1. Administrative/Overhead Costs such as:

- a. Office rent, utilities, communications, supplies and equipment for Title II offices and distribution programs in field locations;
- b. International and local travel costs for staff and consultants in relation to program administration, management or monitoring of Title II activities;
- c. Facilities, supplies and equipment for preparation of foods for distribution (i.e., kitchens or canteens for supplementary or therapeutic feeding activities);
- d. Scales and medical equipment for nutritional assessments and monitoring of beneficiaries;
- e. Vehicle maintenance and fuel; The FFP preferred policy regarding vehicle procurements is that CSs purchase vehicles for project use with a source of funding other than the U.S. Government (USG). However, if the cooperating sponsor is unable to identify alternate funding (at the discretion of the CS), 202(e) funds may be used to procure vehicles for use in Title II project(s). Vehicles purchased with USG funding must follow the FFP procurement policy on source and origin requirements.
- f. Vehicle lease costs in short-term programs or when leasing a vehicle is considered to be more cost effective than purchasing a vehicle;
- g. Miscellaneous fees associated with administration of the Title II programs, i.e.: bank fees, etc.

2. Management Costs such as:

- a. Supervision of Title II commodity distribution and program implementation. (see personnel costs);
- b. Surveys and assessments to identify community risks and vulnerabilities;
- c. Assessments to determine nutritional and other needs of beneficiary groups;
- d. Program evaluations;
- e. Provision of technical assistance to a Title II program or activity.

3. Personnel Costs such as:

- a. Salaries, benefits, travel and relocation expenses of field-based expatriate and local staff/consultants dedicated to the management, support or administration of a Title II program(s); Types of staff/consultants may include (but are not limited to) managers, supervisors, program officers, food monitors, monetization officers, commodity supervisors, logistics officers, technical staff, food for work staff, security and support staff;
- b. Direct charges of salaries and benefits of headquarter backstop or management staff/consultants in proportion to their time spent managing or backstopping an approved Title II program or programs;
- c. Title II related headquarters or field staff training and development costs, consultants/trainers, facilities, materials, transportation, lodging and per diem.

4. Internal Transportation and Distribution Costs¹ such as:

- a. Internal transportation of commodities by rail, truck or barge associated with the delivery of Title II commodities to beneficiaries from discharge port (non-landlocked country) or designated point of entry (landlocked country) to distribution sites.
 1. Trucking includes the lease or rental of trucks, maintenance, fuel, drivers and loading/unloading charges.
 2. Rail and barge transportation include costs to transport, load and unload commodities. Barging costs may also include stevedoring.

Distribution includes registration materials, commodity distribution materials, commodity bagging, handling, superintendence, appropriate marking and labeling if done locally, commodity fumigation, rehabilitation, reconditioning and re-bagging and costs of monitoring the utilization of Title II commodities and their impact on the nutrition and food security levels of the beneficiaries.

Ineligible uses: The following costs are not eligible for 202(e) funding:

1. Costs of activities not associated with programming of Title II resources;
2. Case studies not associated with assessments or evaluations;
3. Medicines or vaccines;²
4. Proposal writing;
5. Advocacy; and
6. Hospitality.

Expectations:

¹ ITSH related costs should be covered under ITSH where possible in order to maximize the use of 202(e) funds for costs not eligible for ITSH funding.

² This includes items such as Vitamin A supplements and Oral Rehydration Salts (ORS).

A. FFP strongly encourages Cooperating Sponsors to identify other sources of public and private funding in order to leverage Title II resources and diversify support for the program prior to making requests for 202(e).

B. FFP expects that the 202(e) portion of most Title II programs will be between 5% and 7% of the approved program value (including the commodity cost, shipping cost, ITSH and 202(e) budgets), and will not exceed 10% of the approved program value. Exceptions will be considered on a case by case basis.

C. No expense is eligible for 202(e) funding until it is made available under a Transfer Authorization or Cooperative Agreement budget (or amendment).

D. If the Title II program shares staff, services or space with another program(s), the amount charged to 202(e) should be in proportion to the expenses incurred by the Title II program.

E. FFP will receive and consider 202(e) funding requests from PVO Cooperating Sponsors on a per project basis. PVOs may charge indirect costs on their 202(e) direct costs in accordance with their previously established Negotiated Indirect Cost Rate Agreements (NICRAs). To promote efficiency, WFP will continue to receive a block grant of 202(e) funding applicable to all WFP programs. In order to meet WFP's full cost recovery requirement, this block grant will include both direct and indirect 202(e) costs as well as some indirect cost recovery on WFP ITSH expenditures. All cooperating sponsors, including WFP and PVOs will be subject to the same 202(e) policy guidelines defining what types of direct costs may be covered by 202(e) funding.

Office Procedure for Setting Section 202(e) spending levels:

Once the overall annual budget level for Title II is finalized in the Agriculture Appropriations Bill, the FFP Budget Team will meet to discuss the amount of 202(e) allocated to each FFP Division. As a rule, the amount designated to each operating unit will be approximately 5 - 10 percent of each division's OYB. Each operating unit will be responsible for creating a plan to manage their portion of the 202(e) budget. Operating units within FFP will work together in determining a plan for addressing 202(e) allocations for WFP. After the second and third quarters of each year (and as needed), the Budget Team will meet to discuss needs related to 202(e) allocations, providing an opportunity to revise allocations and OYBs.

(c) Funding for Internal Transport Storage & Handling (ITSH)

P.L. 480 Title IV Section 407(c)(1)(B) authorizes the use of Title II funding for the transportation costs of Title II commodities from designated ports or points of entry abroad to storage and distribution sites and for the associated storage and distribution costs for Title II programs in Least Developed Countries (LDCs). The World Bank website: <http://www.worldbank.org> provides a list of the eligible LDC countries. For DAPs FFP will only consider ITSH funding for programs in these countries.

If other sources of support have been examined and are inadequate, a request for ITSH funds may be submitted with the program proposal. This fund is limited and justification for such funding must be strong.

Eligible uses for ITSH funding include reasonable, allowable, and allocable line item costs for the following:

Direct program costs of a Title II program in an LDC country associated with the in-country movement, management and monitoring of Title II commodities including:

1. Clearing and Handling: Includes costs such as port clearance costs (excluding taxes, fees or duties applied), pest control, fumigation and reconstitution of commodities.
2. Storage/Warehousing: Includes line item costs such as the cost of renting or leasing storage space, erecting temporary storage space, repairing storage space, warehouse labor, guards, pallets and administration.
3. Internal Transport: Rail, truck or barge transportation associated with the delivery of Title II commodities to beneficiaries from discharge port (non-landlocked country) or designated port of entry (landlocked country) to distribution site(s).¹
 - a. Trucking: Lease or rental of trucks, maintenance, fuel, drivers and loading and unloading charges.
 - b. Rail/Barge: Charges paid to transport, load and unload commodities. Barging costs may also include stevedoring.
4. Distribution and Monitoring Costs: Including line item costs such as registration materials, commodity distribution materials, costs of monitoring the utilization of Title II commodities and their impact on the nutrition and food security levels of the beneficiaries.
5. Staff costs as they directly relate to eligible Title II activities:

¹ Note: (1) In the case of landlocked countries, Title II Inland Transport funding will be provided on a reimbursable basis for transport from discharge port to extended delivery point (EDP), or designated port of entry within the recipient country. ITSH funding will be provided for internal transport from the EDP or designated point of entry to distribution site. (2) When a cooperating sponsor requests inland or internal transport through bill of lading to a designated internal point, funding will be provided on a reimbursable basis under the cooperating sponsor's INLAND freight purchase authorization (PA).

- a. Expatriate and national staff salaries: Positions related to program oversight, supervision, management, monitoring, distribution and accounting.
 - b. Expatriate and National Staff Benefits
 - Medical
 - Housing/Per diem
 - Bonus/Hardship Pay
 - Home/Medical Leave: Round trip international airfare for mid-tour home leave for personnel remaining in the field for a period of 24 months or longer and/or medical leave airfare to the extent that it is consistent with the cooperating sponsor's (CS) standard international staff benefit package.
 - c. Expatriate and National in-country travel
- 6. Vehicle lease, fuel and maintenance costs as they directly relate to usage under Title II activities in short term programs or when leasing a vehicle is considered to be more cost effective than purchasing a vehicle.
- 7. Vehicle procurement: The FFP preferred policy regarding vehicle procurements is that CSs purchase vehicles for project use with a source of funding other than the U.S. Government (USG). However, if the cooperating sponsor is unable to identify alternate funding (at the discretion of the CS), ITSH funds may be used to procure vehicles for use in Title II project(s). Vehicles purchased with USG funding must follow the FFP procurement policy on source and origin requirements.
- 8. In-country operational costs: May include costs such as office rent, supplies, communication, equipment maintenance, courier service, etc.
- 9. Direct audit and evaluation costs.
- 10. Capital expenditures: Funding may be authorized for depreciable assets designed to preserve the commodities in usable condition, such as temporary storage facilities or pallets. If the cooperating sponsor can demonstrate that other sources of funding are inadequate, or that there is a financial advantage for the use of ITSH to offset other in-country operational capital costs associated with Title II activities such as computers, radios, and motorcycles, Food for Peace will consider capital expenditure requests on a case by case basis.
- 11. Country specific pro-rata indirect cost rates: Country specific indirect cost rates (Negotiated Indirect Cost Rate Agreement or NICRA) approved by M/OP/PS/OCC prior to submission of the emergency proposal will be authorized for Title II ITSH funding.

ITSH funding will not be considered for the following costs:

1. Costs of activities that are not supported directly by Title II resources or directly related to the movement, management and monitoring of Title II commodities;
2. Pro Rata Indirect Costs: Non-country-specific or global indirect cost rates (NICRA) will not be funded via Title II ITSH funding;
3. Headquarters or other offshore indirect costs;
4. Duties, taxes or fees;
5. Inland transport from discharge port to designated point of entry or extended delivery point (EDP) of the recipient country, in the case of landlocked countries. Title II inland transport funding will be provided on a reimbursable basis for transport from discharge port to EDP or designated point of entry.

ITSH funding will not normally be considered for the following costs:

1. Institution-building/staff training;
2. Staff relocation costs: The cost of relocating PVO/IO staff to the field, such as shipment of personal effects, medical clearance, and international round-trip airfare, are considered by FFP to be the CS headquarters' direct costs of placing staff in the field, rather than in-country direct costs eligible for ITSH funding;
3. Technical support staff that provide services not directly associated with the Title II food aid distribution activities, e.g. agricultural specialists, civil engineers, economists, etc.;
4. Long-term airlift costs;
5. Other illustrative costs:
 - a. Road Repair;
 - b. Milling;
 - c. Seeds and Tools;
 - d. Agricultural Equipment;
 - e. Construction materials such as cement, iron, sand or wood;
 - f. Salt or Sugar.

FFP will not authorize ITSH funding for capital improvement projects, e.g., building roads and bridges and other types of permanent structures, institutional building costs,

costs of transportation of commodities by air (except in extreme cases as approved by the Director of Food for Peace), or the application of indirect cost rates to ITSH costs.

FFP strongly encourages Cooperating Sponsors to identify other sources of public and private funding in order to leverage Title II resources and diversify support for the program prior to making requests for ITSH.

(d) Monetization

In food-deficit, import-reliant countries, monetization stimulates the economy and allows needed commodities to be provided in the marketplace. Development Assistance Program proposals will be approved based on the merits of the program plan to promote food security and improve people's lives, not on the level of monetization. The goal is to employ the most effective and efficient mix of monetization, direct distribution, section 202(e), ITSH, and DA resources to attain food security. DAPs will undergo a strategic review to ensure that monetization is approved when it is the most appropriate means of promoting food security. It is expected that with the increase of 202(e) and ITSH funding that monetization requirements for new DAPs will be substantially reduced and that monetization proceeds will be used primarily for the purpose of funding program implementation.

USAID will review and approve those monetization plans which demonstrate the ability to generate sufficient resources to justify the use of monetization proceeds to fund the program. Once a monetization plan is approved, if market fluctuations cause commodity prices to drop below the anticipated sales price provided in the monetization plan, FFP will not approve additional commodities to make up the shortfall. The CS must either fund the shortfall from other resources or reduce the program to reflect the reduction in anticipated monetization proceeds. Any exceptions to this general rule will need to be justified on a case-by-case basis, based on urgent food security needs, and approved by the Director of Food for Peace, subject to the availability of funds. Conversely, if market fluctuations cause commodity prices to increase above the anticipated sales price, pipelines would be adjusted accordingly in the out-years of the activity.

Monetization activities will be undertaken only where they will not disrupt commercial markets for agricultural commodities. Program levels will be compared with USDA's established amount available for US programming under the "usual marketing requirements" (UMR) analysis. The UMRs are routinely provided by USDA for specific commodities and countries. CSs are encouraged to obtain the UMRs from the USDA in Washington or through their Agriculture Attaches or USAID Mission locally. Where this is not possible, CSs may contact FFP's Development Programs Division. Sales designed and executed in consultation with the U.S. food export and processing trade are encouraged.

Monetization of value-added (i.e., processed, fortified, or bagged) commodities is preferred over bulk commodities in order to meet the statutory requirement that 75% of

the commodities be processed, bagged or fortified. The FFP Director must approve monetization of commodities to be used for purposes other than human consumption. Where more than one CS in a country proposes monetization, FFP encourages the monetization sales to be carried out jointly. However, cooperating sponsors may provide justification for monetizing separately, to be reviewed on a case by case basis.

Proposals advocating monetization of Title II commodities to generate proceeds for the purchase of locally produced food or cash for work may be supported in exceptional circumstances if benefits are clearly delineated and supported in the proposal and an explanation is provided on why direct distribution of Title II commodities is not appropriate.

Monetization sales will benefit activities and be undertaken in low-income food-deficit countries (LIFDCs), as defined by the FAO. The most recent LIFDC country list is available via link from the FFP homepage, see reference in the Available Information List in Annex I of the DAP Guidelines. If it is not feasible to monetize in the country where proceeds will be utilized, monetization may be carried out in another LIFDC in the region. If neither is feasible, then monetization may take place in a least-developed country (LDC), as defined by the World Bank, in the region. In the case of “third country” sales the USAID Mission and/or U.S. Embassy must endorse the plan. Note: Monetization in the recipient country is preferred over monetization in a “third” country where the food security activities will not be taking place and the food security benefits of monetization are less clear.

For each commodity to be monetized CSs should attempt to set a sales price which: (1) represents the reasonable market price of the commodity in the country in which it is being sold; (2) does not depress the price of locally produced commodities in accordance with the 1977 Bellmon Amendment; and (3) does not disrupt normal commercial practices.

In light of the change in legislation regarding a cost recovery requirement for monetization by Cooperating Sponsors, “Reasonable Market Price” is to be achieved in the sale of Title II commodities as per the market realities in the economy in which they are being sold.

Market forces are recognized as a reliable and acceptable means of determining reasonable market price. In local markets, where the Cooperating Sponsor demonstrates, through sales by public tender auction or similar methodology, that the level of participation in the exercise (by prospective buyers) ensures competitive price formation and mitigates against collusion, the sales price so established will be regarded as the reasonable market price. (Refer USAID Monetization Field Manual, Appendix-B, Section C.15).

Where market forces cannot be harnessed to transparently formulate a reasonable market price (as above), and negotiated/treaty sales are required, a sales price which compares

favorably with the lowest landed price or parity price for the same or comparable commodity from competing suppliers may be considered a reasonable market price. (Refer USAID Monetization Field Manual, Appendix-B, Sections C.5 through C.10 and C.14).

For a new Development Assistance Proposal, Cooperating Sponsors should estimate anticipated sales prices based upon local market analysis and provide the background and basis of that estimate for review by AID Mission/RFFPO and FFP. (Refer USAID Monetization Field Manual Appendix-A & Appendix-B.)

Cooperating Sponsors should also indicate optimal timing of imports in order to contribute to food security (availability) objectives and to obtain proceeds sufficient to meet programmatic requirements. Harvest season of a comparable product is an important period to avoid to ensure that there will not be a disincentive to local production. Further, harvest season should also be avoided due to competing demands for labor, equipment, vehicles, transport systems, etc.

Monetization plans for new DAPs are to be included in the Activity Resource Requirements section of the proposal. As per these guidelines, the monetization plan is to follow the outline provided in USAID's Monetization Field Manual. This includes: a) rationale for monetization; b) proposed mechanics of the monetization: commodity selection, timing of sale, location of monetization, method of sales, impact of the sale on the local market and other programs, and storage facilities; c) monetization sales budget; d) sales proceeds management: safeguarding the proceeds, identification of financial institution(s), monitoring/accounting system and, if applicable, brief description of the joint/umbrella monetization.

For DAP Amendments, CSs are required to provide information on their monetization plan if it will be significantly modified/changed. If not, the CS must state that the sales methodology will remain the same. As the DAP Amendment instrument is often the substitute for a Resource Request, the CS will provide sales price estimates for the upcoming fiscal year.

For follow-on DAPs with monetization continuing in the same country, the CS should have more data available to better support its projection of sales prices. CSs are encouraged to provide sufficient substantiation so as to indicate its familiarity with the local market.

For Resource Requests submitted on an annual basis, the CS will include Title II sales price information from the prior year and will estimate the sales price for the upcoming fiscal year. The sales price(s) will be reviewed by the AID Mission/RFFPO and FFP for concurrence.

From the time of DAP design to DAP approval, and from Resource Request submission to Transfer Authorization finalization, market conditions may change to the degree that

sales price estimates will need to be modified. CSs are requested to provide this information to FFP if the change in market conditions will result in insufficient resources for program implementation or if a significant drop in prices makes the sale of a particular commodity impractical.

It should be noted that report language was also included with the 2002 Farm Bill legislation, which stated that the new provision is intended to be consistent with the goal of maximizing proceeds from commodity sales. The report also listed several factors, such as USG acquisition costs, transportation costs and localized factors that may impact market prices of the commodities, that should be taken into consideration when deciding whether to approve a proposed sale of commodities at the local market price. FFP will consider these factors prior to the approval of any DAP with a monetization component.

(e) Cost-Share Programming

Where integration of CS resources occurs, it must be expressed as a formal auditable cost-share in the CSs proposed budget and DAP approval documentation.

(f) Bellmon Determination

The Bellmon Determination certifies that the commodities will not have a negative impact on the local market or be a disincentive to local production in the recipient country, and assures availability of adequate storage. It is a statutory requirement and should focus on the first fiscal year of the DAP. A Bellmon Determination is required for each country where Title II commodities will be distributed or sold, including each country that is part of a regional DAP proposal.

For detailed guidance on conducting the analysis required for a Bellmon Determination, CSs should consult the *1985 Background Paper and Guide to Addressing Bellmon Amendment Concerns on Potential Food Aid Disincentives and Storage* and the official USAID cable entitled, *Bellmon Certification Requirements for P.L. 480 Title II Activities* (reissued, August 1999). For supplemental information regarding market analysis, CSs should consult the *P.L. 480 Title II Monetization Field Manual*. These documents are available from Food Aid Management or FFP (see the list of information available in Annex F), and are also on the Internet at: http://www.usaid.gov/hum_response/ffp/monetiz.htm.

(g) Host Country Food for Peace Agreement

In accordance with Regulation 211.3(b) CSs shall enter into a written Host Country Food for Peace Agreement with the government of each country for which Title II commodities are to be transferred to the CS. This agreement shall establish the terms and conditions needed by the CS to conduct a Title II program in the country in accordance with the applicable requirements of Regulation 11. Where such a written agreement is not appropriate or feasible, the USAID Mission or the Diplomatic Post shall assure

AID/W, in writing that the program can be effectively implemented in compliance with this Regulation without such an agreement. The DAP submittal must include either the Host Country Food for Peace Agreement or the written certification as appropriate.

(h) Annual Estimate of Requirements

A signed Annual Estimate of Requirements (AER) reflecting the tonnage of commodities to be approved should be provided as Appendix 3 of the DAP proposal. If there are carry-over resources, a commodity pipeline analysis is provided as part of the AER. CSs should continually monitor their pipelines to ensure that requested commodities are adequate and needed to meet program requirements. FFP will request and review pipelines on a periodic basis to ensure that pipelines are commensurate with program requirements and commodity status reports.

An accurate pipeline analysis in the AER is particularly critical in the last year of a resource request so that FFP can ensure that the CS has planned for all commodities to be utilized by the program completion date and that commodities requested for monetization are consistent with anticipated monetization proceeds that must be expended by the end of the program.

The electronic AER form can be found at:

http://www.usaid.gov/our_work/humanitarian_assistance/ffp/fy05_aer.doc

(i) Vehicle Purchases

Vehicle procurement: It is FFPs preference that CSs purchase vehicles for project use with a source of funding other than the U.S. Government (USG). However, if the cooperating sponsor is unable to identify alternate funding (at the discretion of the CS), the order of preference for funding is 202(e) funds and then ITSH funds. FFP prefers not to fund the purchase or lease of vehicles with monetization resources. Vehicles purchased with USG funding must follow the FFP procurement policy on source and origin requirements.

(j) Inland Transportation

In the case of landlocked countries, Title II Inland Transport funding may be provided on a reimbursable basis for transport from discharge port to extended delivery point (EDP), or designated port of entry within the recipient country. ITSH funding may be provided for internal transport from the EDP or designated point of entry to distribution site. When a cooperating sponsor requests inland or internal transport through bill of lading to a designated internal point, funding will be provided on a reimbursable basis under the cooperating sponsor's INLAND freight purchase authorization (PA).

CSs without a prior DAP in a given country should submit data from pro-forma invoices or contract quotes submitted by likely inland transport companies. Submission of the

required information is pivotal to establishing an inland transportation account for reimbursement. In lieu of pro-forma invoices or contract quotations, CSs shall perform market research or a survey of local and regional transport companies. This shall be completed to determine local costs and pricing for the type and range of inland transport services that may be required during the term of the agreement. In this manner, the CS and FFP may be confident with the budget estimates for reimbursement of inland transport services.

VI. Procedures for the Final Year of a DAP

Cooperating sponsors should conduct impact evaluations in the year prior to the DAP's final year, and should submit the evaluation report to FFP during the final year. If the CS is proposing a follow-on DAP, the final evaluation report should be submitted to FFP prior to the submission of the follow-on DAP proposal. FFP expects that CSs will plan for all commodities to be distributed, and all costs to be incurred against the approved monetization budget, by the program completion date. CSs should submit closeout plans to the USAID Mission and FFP six (6) months prior to the expiration of a program. Closeout guidance is available on FFP's home page at http://www.usaid.gov/our_work/humanitarian_assistance/ffp/closout.htm.

DAP AMENDMENT SUBMISSION AND REVIEW PROCESS

CSs should submit a DAP amendment (DAP/A) if any significant changes to the approved program are proposed. A significant change is defined as: a) a change in the purpose and/or outcome of the project; b) a radical restructuring of implementation or monetization arrangements; or c) there is an increase of 10 percent or more in the overall approved LOA.

Under any of these circumstances, the CS and FFP may mutually decide to consider a program revision or DAP amendment (DAP/A). CSs should consult early with FFP Country Backstop Officers (CBOs) to make this determination.

For CSs with consolidated country or regional DAPs, DAP/As are required only if resources are requested over the LOA for the total combined program, or if dramatic program implementation changes are proposed, as described above.

In instances of commodity or freight price fluctuations, FFP will amend approval documentation (transfer authorizations) to allow an increase in program commodities of an amount representing up to 10% of the LOA value of all program commodities. In this case, a formal DAP/A is not required.

The same deadlines apply to DAP/As as described for DAP proposals established in these guidelines.

(a) DAP Amendment Submission Models

1) DAP Amendment Submission with "Re-Delegated" Missions

In a country where a USAID Mission has approval authority for resource requests, these guidelines should be followed. FFP/W retains approval authority for DAP amendments.

2) Consolidated (Country and Regional) DAP Amendments

DAP/As are not required in all cases. Subject to agreements worked out by the CSs in consultation with USAID Missions, Washington and local partners, overall estimated LOA levels, and funding availability:

- i. a CS with a consolidated regional DAP (a single CS with multiple country programs) will have the authority to adjust annual program levels (up to 10% over the LOA) between country programs. Changes may be described in the CSR4.

(b) CS Preparation and FFP Review of DAP Amendments

Use of the DAP/A format provided in **Annex A** is required. FFP will review DAP/As based on CSs' ability to provide adequate, relevant information under each section established in the DAP/A format. New activities and implementation arrangements proposed in a DAP/A will be approved based on successful activity implementation, responsiveness to previously expressed concerns and recommendations, evaluation of the resource request (financial plan and AER), mission concurrence, and environmental compliance. Final approval will be subject to the annual availability of funds and commodities.

Furthermore, DAP/As must meet the following conditions:

- Written in 12-point type (narrative) in English
- Limited to 20 numbered and dated pages, (including Appendices A-C)
- Submitted as files saved as Word and Excel spreadsheets (attachments)
- Including only the information requested (state if a section is not applicable; cross referencing and use of charts are encouraged to present information concisely and to eliminate repetition)

CSs are required to submit two (2) unbound copies and one (1) electronic copy to the USAID Mission, and one (1) unbound copy to Amex Int'l Attn: FY05 DAP Proposal, 1300 Pennsylvania Ave, N.W. Suite 440, Washington DC 22004, and one (1) electronic copy to FFP at FFPdocs@amexdc.com.

Where REDSO offices operate, the USAID Mission should receive one (1) hard copy and one (1) electronic copy, and the REDSO office should receive two (2) hard copies and one (1) electronic copy).

Annex D

Environmental Review and Compliance Information

I. Background on Regulation 216

USAID's Environmental Procedures (known as 22 CFR 216 or Reg. 216) are meant to ensure that (1) the environmental consequences of USAID-funded activities are identified during the design stage, and that these consequences are considered prior to funding approvals and a decision to proceed with activity implementation; and (2) if possible, activities are identified that preserve or restore the natural resource base where the activity is located.

II. Title II Compliance with Regulation 216

Compliance with USAID's Environmental Procedures (known as 22 CFR 216 or Reg. 216) is required of all Title II development activities, whether they are supported by food assistance or Section 202(e) funding. All Title II Development Assistance Program (DAP) proposals must include an Initial Environmental Examination (IEE). If the IEE of the original DAP was cleared without conditions or a categorical exclusion was granted, the Cooperating Sponsor (CS) should only state, "No changes" in the Environmental Compliance section of the CSR4 submission.

In all other situations, the CS should include, as an appendix to the CSR4, an Environmental Status Report (ESR) detailing the actions they have undertaken with regard to the previously approved IEE. The ESR is only required for years 2,3, and 4 of the 5-year DAP cycle, and should indicate whether mitigation plans are on schedule, as well as detail the monitoring and evaluation measures being undertaken by the CS. The ESR should be between 2-10 pages. However, if a CS's submission contains changes that require a DAP amendment, an IEE amendment should be submitted with the DAP amendment. Please see sections A through D below for further details. Either the Mission Environmental Officer or the Food for Peace Officer must sign the ESR face sheet, and cleared ESR copies must be sent to the DCHA/Bureau Environmental Officer (BEO) for its official files.

CSs should seek Mission review and clearance on DAP IEEs prior to official submission of the proposal to DCHA/FFP. The same is true for CSR4 ESRs and IEE amendments for CSR4s or DAP Amendments. Environmental documentation, marked "draft," should be submitted informally through the Mission to the BEO. If environmental documentation is submitted with the DAP proposal, DAP amendment or R4 without having been cleared by the Mission, the CS should insure that it is clearly labeled as "draft -- not cleared by Mission." All draft Reg. 216 documentation must be returned to the Mission for required clearance and the Mission may request revisions to ensure that Mission objectives, consideration of local conditions, and consistency with environmental documentation of other CSs in the same country is achieved.

A. New DAPs

To meet this requirement, all DAP proposals must include an IEE, which must be cleared by the Mission Director or his/her designate. A statement as to whether the Mission concurs/does not concur with the CS's ESR (if applicable) should be included in the Mission's approval/comments cable to FFP. The CS is expected to submit the cleared document with their operational plan to FFP for clearance. FFP will obtain clearance from the FFP Director and forward the IEE to the DCHA/ BEO for final concurrence. Note, however, that if CSs and Missions are interested in getting feedback from DCHA or a Regional Environmental Officer (REO) on a draft IEE prior to formal submission, they are encouraged to submit a copy for informal review to one or both BEOs or to the REO, where they exist. A review by the Geographic BEOs is unnecessary and will be seen to by the DCHA/BEO if deemed warranted. An IEE face sheet should accompany the IEE.

B. DAP Amendments

All DAP amendments must include an IEE amendment if a change has occurred from what was submitted in the original IEE. The same clearance process is followed as described above for DAP proposals. If no change has occurred, the process as described below for CSR4s should be followed.

C. Cooperating Sponsor CSR4 Submission

If the IEE of the proposal was cleared without conditions or a categorical exclusion was granted, the CS should only state "No changes" in the Environmental Compliance section of the CSR4.

In all other situations, the CS should include an ESR as an appendix to the CSR4, detailing the actions they have undertaken or that need to be taken with regard to the previously approved IEE or Environmental Assessment /Programmatic Environmental Assistance where they might exist. In 2-10 pages, the ESR should indicate whether steps need to be taken to modify previous environmental documentation and whether conditions are being met (e.g., mitigation plans are on schedule and monitoring and evaluation measures are being undertaken by the CS) (see Section A.5, the "orange pages," of the *Environmental Documentation Manual*). The CSs should include a matrix, or chart, in the ESR outlining that mitigation plans are being implemented as submitted in previous environmental documentation, i.e., the IEE. An Environmental Compliance face sheet is used for IEE amendments.

D. Deferrals

For those CSs who received a deferral on one or more activities of their program from the DCHA BEO, an amended IEE should be included with their following year's CSR4 to resolve each deferral or indicate that the activity will not be conducted, if that is the case.

III. IEE Preparation Resources

While these guidelines take precedence, the *Environmental Documentation Manual* also provides guidance on completing the IEE, IEE amendment, and ESR. The Manual also covers more in-depth environmental reviews, and defines many of the environmental compliance issues and terms used in these instructions. *A Field Guide to USAID Environmental Compliance Procedures* is a shorter field guide. In addition to these documents, both the Mission and BEOs, and where they exist, REOs, should be consulted.

**Title II Environmental Compliance Forms
(January 1999)**

**Templates for Use by
USAID Bureau for Democracy, Conflict and Humanitarian Assistance
DCHA/FFP/DP Cooperating Sponsors**

- 1. Title II Environmental Compliance Facesheet**
- 2. Request for a Categorical Exclusion**
- 3. Outline of the IEE Narrative: Template**
- 4. Annotated IEE Narrative**
- 5. Environmental Status Report Facesheet**
- 6. Environmental Status Report Instructions and Format**

TITLE II ENVIRONMENTAL COMPLIANCE FACESHEET

Title of DAP/CSR4 Activity:

CS name/Country/Region:

Funding Period: FY_____ - FY_____

Resource Levels: Commodities (dollar equivalent, incl. monetization):

_____ Total metric tonnage request:

_____ 202(e) grant: \$_____

Statement Prepared by: Name _____ Date _____

_____ Title _____

IEE Amendment (Y/N)? ____ **Date of Original IEE:** _____

Environmental Media and/or Human Health Potentially Impacted (check all that apply):

*air*____ *water*____ *land*____ *biodiversity* (specify)_____ *human health*____ *other*____ *none*_____

Environmental Action(s) Recommended (check all that apply):

_____ 1. *Categorical Exclusion(s)*

_____ 2. Initial Environmental Examination:

_____ *Negative Determination:* no significant adverse effects expected regarding the

prepared: proposed activities, which are well defined over life of DAP/PAA. IEE

good _____ without conditions (no special mitigation measures needed; normal practices and engineering will be used)

_____ with conditions (special mitigation measures specified to prevent unintended impact)

_____ *Negative Determination:* no significant adverse effects expected, but multiple sites and sub-activities are involved that are not yet fully defined or designed. "Umbrella IEE" prepared [go to Annex B and Annex F for examples]

environmental monitoring. _____ conditions agreed to regarding an appropriate process of capacity building and screening, mitigation and

of _____ *Positive Determination:* IEE confirms potential for significant adverse effect one or more activities. Appropriate environmental review needed/conducted.

_____ EA to be / being / has been (circle one) conducted. Note that the activities affected cannot go forward until the EA is approved.

_____ *Deferral:* one or more elements not yet sufficiently defined to perform environmental analysis; activities will not be implemented until amended IEE is approved. Briefly describe the nature of the deferred activities:

Summary of Findings:

Briefly describe (in 1 or 2 paragraphs) the activities being implemented or proposed and those deferred. Justify the reason for the recommended action(s) and cite appropriate sections of Reg. 216 as needed. For IEEs, reproduce here the Summary from Section 5 of the IEE narrative, and/or Section 2 of the Request for Categorical Exclusion.

USAID APPROVAL OF ENVIRONMENTAL ACTION(S) RECOMMENDED:**Clearance:**

Mission Director: _____ Date: _____

Food For Peace Director: _____ Date: _____

Concurrence:

Bureau Environmental Officer: _____ Date: _____
(DCHA)

Approved: _____

Disapproved: _____

Optional Clearances:

FFP Officer: _____ Date: _____

Mission Food Aid Manager: _____ Date: _____

Mission Environmental Officer: _____ Date: _____

Regional Environmental Officer: _____ Date: _____

Geographic Bureau Environmental Officer: _____ Date: _____

General Counsel: _____ Date: _____

REQUEST FOR A CATEGORICAL EXCLUSION

1. Background and Activity Description

More in-depth information than what was provided on the cover sheet, especially if activities are relatively diverse, complex, and likely to operate for several years. This will allow the environmental recommendation to be more self-explanatory and free-standing, especially for the BEO's record keeping and tracking purposes.

2. Justification for Categorical Exclusion Request

Refer to appropriate guidance from Reg. 216, especially 22 CFR 216.2(c)

Outline of the IEE Narrative: Template

INITIAL ENVIRONMENTAL EXAMINATION

Program/Project Data:

DAP/PAA Program/Activity:

CS Name, Country/Region:

1. BACKGROUND AND ACTIVITY DESCRIPTION

- 1.1 Background**
- 1.2 Description of Activities**
- 1.3 Purpose and Scope of IEE**

2. COUNTRY AND ENVIRONMENTAL INFORMATION (BASELINE INFORMATION)

- 2.1 Locations Affected**
- 2.2 National Environmental Policies and Procedures (of host country both for environmental assessment and pertaining to the sector)**

3. EVALUATION OF ACTIVITY/PROGRAM ISSUES WITH RESPECT TO ENVIRONMENTAL IMPACT POTENTIAL

4. RECOMMENDED MITIGATION ACTIONS (INCLUDING MONITORING AND EVALUATION)

- 4.1 Recommended IEE Determination**
- 4.2 Mitigation, Monitoring, and Evaluation**

FOR UMBRELLA IEE, THE FOLLOWING MIGHT BE USED:

- 4.1 Recommended Planning Approach**
- 4.2 Environmental Screening and Review Process**
- 4.3 Promotion of Environmental Review and Capacity Building Procedures**
- 4.4 Environmental Responsibilities**
- 4.5 Mitigation, Monitoring, and Evaluation**

5. SUMMARY OF FINDINGS

- 5.1 Environmental Determinations**
- 5.2 Conditions**

Annotated IEE Narrative

INITIAL ENVIRONMENTAL EXAMINATION

Program/Project Data:

DAP/PAA Program/Activity:

CS Name, Country/Region:

The following narrative should be organized around the major activity sub-headings, if the activity categories are rather distinct, e.g., road construction, agricultural development, and irrigation works. As in sample IEEs (Annex B.4 & B.5), treat each major activity under each section. Alternatively, one could organize by activity and then each major heading would cover the Sections 1 to 4. The summary in Section 5 is to cover all categories addressed, with an overview of the summaries at the end.

If you are preparing an “Umbrella” IEE, please refer to Annex F for the detailed description of what the outline might include.

1.0 BACKGROUND AND ACTIVITY DESCRIPTION

Describe why the activity is desired and appropriate, and outline the key activities proposed for Title II funding. A current activity description should be provided and the purpose and scope of the IEE indicated (amendment, why needed, what it covers).

2.0 COUNTRY AND ENVIRONMENTAL INFORMATION

This section is critical and should briefly assess the current physical environment that might be affected by the activity. Depending upon the activities proposed, this could include an examination of land use, geology, topography, soil, climate, groundwater resources, surface water resources, terrestrial communities, aquatic communities, environmentally sensitive areas (e.g., wetlands or protected species), agricultural cropping patterns and practices, infrastructure and transport services, air quality, demography (including population trends/projections), cultural resources, and the social and economic characteristics of the target communities.

The information obtained through this process should serve as an environmental baseline for future environmental monitoring and evaluation. Be selective in the country and environmental information you provide, as it should be specific to the activity being proposed and more information is not necessarily better.

Finally, indicate the status and applicability of host country, Mission, and CS policies, programs and procedures in addressing natural resources, the environment, food security, and other related issues.

3.0 EVALUATION OF ACTIVITY/PROGRAM ISSUES WITH RESPECT TO ENVIRONMENTAL IMPACT POTENTIAL

This section of the IEE is intended to define all potential environmental impacts of the activity or project, whether they be considered direct, indirect, beneficial, undesired, short-term, long-term, or cumulative.

4.0 RECOMMENDED MITIGATION ACTIONS (INCLUDING MONITORING AND EVALUATION)

For each proposed activity or major component recommend whether a specific intervention included in the activity should receive a categorical exclusion, negative determination (with or without conditions), positive determination, etc., as well as cite which sections of Reg. 216 support the requested determinations.

Recommend what is to be done to avoid, minimize, eliminate or compensate for environmental impacts. For activities where there are expected environmental consequences, appropriate environmental monitoring and impact indicators should be incorporated in the activity's monitoring and evaluation plan.

5.0 SUMMARY OF FINDINGS

This should summarize the proposed environmental determinations and recommendations.

TITLE II ENVIRONMENTAL STATUS REPORT FACESHEET

Title of Activity:

CS name/Country/Region:

Funding Period: FY_____ - FY_____

Resource Levels:

Commodities (dollar equivalent, incl. monetization): _____

Total metric tonnage request: _____

Status Report Prepared by: Name: _____ Title _____
Date: _____

Date of Previous Status Report: _____

A. Status of the IEE/Categorical Exclusion/EA or PEA

IEE Reference: Date of most recent IEE or Categorical Exclusion (If all activities were CEs):

_____ No revisions or modifications needed. IEE/CE or CE and all activities still applicable

_____ Amended IEE submitted, based on attached report, summary, etc., (referencing the body).

_____ EA or PEA needs to be amended to cover additional or modified activities. [Note: If yes, immediately notify the MEO, REO (where one exists) or the BHR BEO.
Amended EA or PEA submitted, based on _____]

B. Status of Fulfilling Conditions in the IEE, including Mitigative Measures and Monitoring

_____ Environmental Status Report describing compliance measures taken is attached.

_____ For any condition that cannot be satisfied, a course of remedial action has been provided within an IEE Amendment. [Note: For conditions under an EA or PEA, consult the MEO, REO (where one exists) and/or BEO].

USAID APPROVAL OF ENVIRONMENTAL STATUS REPORT:

Clearance:

Mission Environmental Officer:* _____ Date: _____

Food For Peace Officer: _____ Date: _____

*or USAID Environmental Representative, if MEO does not exist.

ENVIRONMENTAL STATUS REPORT (ESR)

INSTRUCTIONS AND FORMAT

In 2-10 pages or less, the Environmental Status Report should indicate whether steps need to be taken to amend previous environmental documentation and whether conditions are being met, e.g., mitigation plans are on schedule and the monitoring and evaluation measures being undertaken by the Cooperating Sponsor. In a Mission's PAA comments and/or approval cable to BHR/FFP, the Mission should state whether it concurs with the Environmental Status Report.

Section A. Status of the IEE/Categorical Exclusion/EA or PEA

Use the answers to the following questions to determine if the status of the IEE has changed.

Use the same instructions for a Categorical Exclusion submission in the event all CS activities were Categorical Exclusions.

If any activities are covered under an EA which is typically activity or site-specific or a broader sectoral, thematic or geographic PEA, the questions below need to be interpreted in the context of the specific activity, sector or area.

A1. Modified or New Activities:

Have new activities been added or activities substantially modified?

Note what these are and reference an amended IEE, if the DAP or PAA has an approved IEE. Reference a Categorical Exclusion Document in the event the DAP or PAA required only a Categorical Exclusion Document **and** the new/modified activities are also categorically excluded. If they are not, a full IEE will need to be prepared.

Note: An amended DAP requires an IEE Amendment. Also remember that activities can be changed or added that do not require an amended DAP, but which do alter Reg. 216 threshold decisions and would require an IEE Amendment.

A2. Resolution of Deferrals:

Did the previous IEE have deferrals? List these.

State if they are being resolved through an amended IEE to be submitted with this year's PAA. If not, indicate when an amended IEE will be submitted in order to be able to go ahead with the activities.

If the deferred activities have been dropped from the sponsor's program, amend the current IEE to state that and recommend to the BEO that the deferral is no longer applicable.

A3. Conditions:

If experience has shown that conditions in the IEE cannot be complied with, note and reference an amended IEE, which discusses what substitute conditions are recommended in order to comply with the spirit of the original conditions (to avoid or reduce environmental effects).

Many conditions in IEEs relate to **Mitigation and Monitoring**. If based on Section B2 below, it proved not feasible to carry out all mitigation and monitoring and the sponsor desires to change the conditions for mitigation and monitoring spelled out in the IEE, discuss and reference an amended IEE.

A4. Amendments:

Based on the above, is an amended IEE needed?

___ Yes (If yes, attach here.) No___

If the previous documentation was a Categorical Exclusion Submission, is an amended Categorical Exclusion needed to deal with new Categorical Exclusions for new activities?

___ Yes (If yes, attach here.) No___ Not Applicable___

Is the Sponsor unable to meet recommendations and/or conditions that are part of an EA or PEA or does the Sponsor believe an EA or PEA needs to be amended to cover additional or modified activities?

___ Yes No___ Not Applicable___

If yes, immediately notify the MEO, REO (where available) or the BHR BEO.

A5. Remember it is necessary to obtain the Mission's concurrence on an Environmental Status Report prior to proposal approval. Be sure to complete the ESR Facesheet. Proceed to Section B.

Section B. Status of Fulfilling Conditions in the IEE, including Mitigative Measures and Monitoring

Take this opportunity to re-evaluate your mitigation and monitoring plan. Make sure the commitments made in the IEE are doable and realistic, in other words, not beyond the capabilities and resources of the CS to implement. Mitigation and monitoring can be part of normal visits to an area to check on activities, unless specific testing, surveys or the like have been required. Alternatively, experience to date may indicate that the IEE's mitigation and monitoring plan is not sufficiently specific or is lacking in some respect. If conditions or mitigation and monitoring are part of an activity-specific EA or sectoral PEA, the instructions below still apply.

- B1.** For each component of the program, list or reproduce (as an Annex to this report) the mitigative measures and monitoring or other conditions. [For activities placed under an umbrella process according to EDM Annex F, do not reproduce the standard Environmental Screening Form and Review conditions; follow instructions at B3 below.]
- B2.** Describe status of complying with the conditions. Examples of the types of questions a Sponsor should answer to describe "status" follow.
- 1) What mitigative measures have been put in place? How is the successfulness of mitigative measures being determined? If they are not working, why not? What adjustments need to be made?
 - 2) What is being monitored, how frequently and where, and what action is being taken (as needed) based on the results of the monitoring? In some situations, a CS will need to note that the monitoring program is still being developed with intent to satisfy the conditions. Alternatively, it could happen that the conditions cannot be achieved because of various impediments.

Sponsors are encouraged to construct table(s) of relevant status indicators.

For any conditions that cannot be satisfied, propose a course of remedial action and amend the IEE. In the case of an EA or PEA, consult the MEO, REO (where available), and the BHR BEO, as amending an EA or PEA is a more elaborate process.

- B3.** If the CS is using Environmental Screening Forms (ESFs) and environmental reviews, prepare: i) a table listing the ESFs prepared and submitted; (ii) the Category(ies) the activity(ies) was\were placed in; and (iii) whether the ESF has been approved by the MEO. For any Category 2 or above activities, the chart should include the status of the Environmental Reviews, e.g., in preparation; submitted to MEO; approved by MEO; MEO referred to REO and BEO; and the date of approval by MEO or by REO or BEO, if appropriate.

Section C. Cooperating Sponsor Recommendations for Beyond Compliance and Institutionalization of Environmentally Sound Practices

Please outline plans or recommendations (in a page or less) for institutionalizing environmentally sound design and management practices in future activities of a similar nature.

Annex E
Public Law 480 Title II Eligible Commodity List

PULSES

Beans, Black*
Beans, Chickpeas*
Beans, Great Northern*
Beans, Kidney (dark & light)*
Beans, Navy*
Beans, Pinto*

Beans, Red*
Peas, Green (Whole & Split)*
Peas, Yellow (Whole & Split)*
Lentils*

FEED GRAINS

Buckwheat Grits*
Buckwheat Farinetta*
Buckwheat Groats*
Buckwheat Supreme Flour*
Corn, bagged*
Corn, bulk
Corn, bulk, w/bags*
Cornmeal*
Cornmeal – SF*
Corn Soy Blend*
Corn Soy Masa Flour*
Corn Soy Milk*
Corn Soy Milk (Instant)*
Sorghum, bagged*
Sorghum, bulk, w/bags*
Sorghum Grits - soy fortified (SF)*

VEGETABLE OIL

Vegetable oil, 4 Ltr *
Vegetable oil, 20 Ltr*
Vegetable oil, 208 Ltr*
Vegetable oil, Refined, bulk*

WHEAT/WHEAT PRODUCTS

Bulgur and Soy-Fortified Bulgur*
Wheat, bagged (generic)*
Wheat, bulk (generic)
Wheat, bulk (generic), w/bags*
Wheat, Hard Red Winter, bagged*
Wheat, Hard Red Winter, bulk, w/bags*
Wheat, Hard, White, bagged*
Wheat, Hard White, bulk w/bags*
Wheat, Hard, Red, Spring, bagged*
Wheat, Soft, Red, Winter, bagged*
Wheat, Soft, White, bulk, w/bags*
Wheat Flour, AP*
Wheat Flour, bread*
Wheat Soy Blend*
Wheat Soy Milk*

OTHER

California Raisins*
Mainstay 3600*
Mainstay Complete*
Non-fat dry milk*
Potato, Dehydrated Flakes*
Rice, bagged*
Rice, bulk, w/bags*
Soy Protein, textured*
Soy Protein, concentrate*
Soy Protein, Isolate*
Soy Flour, Defatted*

Soybean Oil, Crude Degummed, bulk

*Value-added commodities processed, fortified or bagged in the U.S.

Annex F

Supplemental Information List

1. Legislation and Policy

- Regulation 11 and Public Law 480 (as amended through Public Law 107-171, May 13, 2002) *
- Food Aid and Food Security Policy Paper, 1995 *
- List of LDC/LIFDC Countries, 2000 *
- Annual FFP Policy Letter (August, 2002) *

2. Commodity and Monetization Documents

- P.L. 480 Title II Monetization Field Manual, November 1999 *
- Background Paper and Guide to Addressing Bellmon Amendment Concerns on Potential Food Aid Disincentives and Storage*
- Commodity Reference Guide *
- Bellmon Certification Requirements for P.L. 480 Title II Activities - cable: STATE 086386

3. Monitoring and Evaluation and Program Reporting Reference Materials

- Cooperating Sponsor Results Report & Resource Request Guidelines *
- FANTA Indicator & Evaluation Guides *
- Performance Indicators for Food Security (published by CDIE)

4. Environmental Compliance Information for Title II Programs

- Environmental Documentation Manual (October, 1999) *
- A Field Guide to USAID Environmental Compliance Procedures (March 5, 1999) *

5. P.L. 480 Title II : Close-out Plan Guidance *

6. FFP Communications to USAID Missions Regarding Title II Development Programs

- Mission Instructions on the Review of Title II FY 2004 Cycle CSR4s, DAPs, and DAP Amendments (cable)
- Checklist for Mission Management of Title II Programs (with examples) *
- Memorandum of Understanding for “Delegated” Missions (sample)
- Enhanced Mission Authority over Title II Programs in Selected Countries (cable)

Note: Starred (*) documents are available directly or via the FFP Website (www.usaid.gov/hum_response/ffp) or the FAM website (www.foodaidmanagement.org). Other documents are available upon request from FFP (email: acrumbly@usaid.gov).